Occupational Health Services Project

Executive Summary

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For the Washington State Department of Labor and Industries

September, 1998

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In 1997, the Washington State Legislature authorized the Department of Labor and Industries (L&I) to conduct a project to investigate policy options aimed at improving health care delivery for workers and employers. This project, known as the Occupational Health Services (OHS) Project, led to the development of six interrelated policy options. These options, summarized below, were intended to improve the quality and cost-effectiveness of occupational health care, without limiting workers' choice in selecting providers.

The six options focus on:

1. Satisfaction research: Developing ways to track worker and employer satisfaction.
2. Outcome tracking: Developing ways to track medical treatment outcomes.
3. Improving care delivery: Developing ways to foster the development and use of occupational centers of excellence.
4. Contracting: Developing new payment and contracting mechanisms designed to encourage better treatment outcomes.
5. Administrative efficiency: Developing ways to reduce the administrative burden on providers.
6. Economic incentives: Developing innovative ways to encourage workers to select providers who have optimal treatment outcomes.

Methodology

Project Organization

The Workers' Compensation Advisory Committee (an ongoing statutory committee) endorsed the OHS Project and established a Subcommittee on Health Care consisting of eight members, four representing business and four representing labor. The Subcommittee members provided direction for the research, made on-going decisions about the project's work, and formed final determinations about whether to accept the policy options. L&I contracted with the University of Washington (UW) to conduct project research, to generate policy options based on this research, and to facilitate the Subcommittee meetings using a consensus decision-making approach.

The process used to generate the policy options is outlined and described below.

1. Adopt guiding principles ⇒ 2. Identify desired future states ⇒
3. Conduct research ⇒ 4. Review recommended policy options ⇒
5. Approve final policy options

1. Adopt Guiding Principles

At the outset of the project, the WCAC Subcommittee adopted five broad principles to guide the OHS Project and its research.

1. Expand capacity for occupational medicine delivery systems.
2. Increase provider accountability for delivery of efficient and effective care with improved outcomes.
3. Improve worker and employer satisfaction.
4. Retain the voluntary nature of the worker's current ability to select providers.
5. L&I could use economic incentives to encourage participation.

2. Identify Desired Future States

UW researchers presented information on the current state of the issues covered by the guiding principles. Based on this information, ideas for improving the system (i.e., ideas about desired future states) were developed. An example of a desired future state is business and labor's interest in having an understanding of the sources of worker and employer satisfaction and dissatisfaction with the health care delivery.

3. Conduct Research

To generate policy options consistent with the project's guiding principles, the UW team carried out a number of related research tasks:

- conducted interviews with key informants, including L&I staff, physicians (medical, chiropractic, naturopathic, and osteopathic), health care administrators and researchers, private insurers, and staff in workers' compensation departments in other states
- convened medical physician and chiropractic physician expert panels, and facilitated discussion around a series of structured questions

- conducted literature searches using social science, health sciences, and business databases, and reviewed the most promising literature
- reviewed pertinent trade journals and newsletters
- explored web sites of related professional, regulatory, government, advocacy, and research organizations and agencies.

4. Review Recommended Policy Options

A key aspect of the OHS Project was obtaining final agreement among WCAC Subcommittee members on the recommended policy options. To facilitate reaching agreement on these options, time was allotted for Subcommittee members to discuss and understand the options, and to consult with their constituents, before deciding whether or not to support each option.

5. Approve Final Policy Options

This final report represents the approval of the policy options as presented to business and labor. The six policy options are presented below in their final form.

Policy Option #1: Develop systems to track worker and employer satisfaction with health care.

- Phase 1
  - Design and develop worker and employer satisfaction surveys to track worker and employer satisfaction with health care, and conduct a pilot survey.
- Phase 2
  - Implement an on-going survey process.

Policy Option #2: Develop an outcome tracking system to monitor provider performance.

- Phase 1
  - Identify appropriate measures of treatment outcomes (e.g., functional status, release to work, return to work, disability, comparable position and wage at return to work, and quality of life). To the extent possible, differentiate between those outcomes more under the provider's influence compared to those outcomes less under the provider's influence.
  - Assess the feasibility of systematically collecting outcome data in a workers' compensation environment.
  - Develop and implement a pilot test.
- Phase 2
  - Implement an outcome tracking system.

Policy Option #3: Develop and/or select occupational health centers of excellence to promote improved quality of care, timely return to work, and more effective primary injury prevention through coordination with WISHA and other appropriate entities.

- Phase 1
  - Collect detailed information on occupational health centers of excellence around the country (e.g., in MA, OR, NY, and CA).
  - Conduct a current capabilities and needs assessment of occupational health services in Washington State.
  - Create a business and labor advisory committee to have oversight of center development and on-going implementation issues, such as access and provider selection.
  - Explore resource and capacity development in Washington State.
- Phase 2
  - Develop an RFP based on the current capabilities and needs assessment from Phase 1.
  - Develop and/or select two pilot occupational health centers of excellence, one in the Puget Sound region and one in eastern Washington, with ongoing oversight by a labor/business advisory committee.

Policy Option #4: Develop new contracting and payment mechanisms to: (1) provide greater accountability for the care delivered to injured workers, especially for substandard care,[*] (2) enhance the overall quality of care, (3) promote access to and availability of high quality providers, and (4) through adequate reimbursement, and other means, support activities such as provider-employer communication and primary prevention (job safety) activities. Two types of contracts are envisioned: contracts with centers of excellence (center-based) and provider-based contracts with individual (attending) doctors.

- Phase 1
  - Utilize a labor/business advisory committee to explore the feasibility of developing and implementing center-based and provider-based contracts, using performance standards and new payment mechanisms.

[*] In order to show how the quality of care received by injured workers can vary, the UW team presented a theoretical quality of care continuum. A provider's placement along this continuum depends on treatment outcomes achieved and costs of treatment. Providers in Zone 1 show better clinical outcomes and lower, average, or higher costs. Providers in Zone 2 show acceptable outcomes and average costs. Providers in Zone 3 show questionable or poor outcomes and moderate costs; and providers in Zone 4 show questionable or poor outcomes and high costs. The assumption is that these differences among providers would exist even if they were to treat the same patient or set of patients.

- Phase 2
  - Contingent on the results of phase 1, as well as on the ability to track satisfaction and outcomes, implement new center-based contracting and payment mechanisms, which would have oversight by a labor/business advisory committee.

- Phase 3
  - Implement new provider-based contracts and payment mechanisms, concurrent with or soon after the successful development of phase 2, and with oversight by a labor/business advisory committee.

Policy Option #5: Develop new mechanisms for claims processing to improve administrative efficiency and reduce administrative burden for providers.

- Phase 1
  - Conduct a feasibility study to explore methods to improve communication and timely decision making between providers and claims managers. Any of these efforts should not be at the expense of other Department functions (e.g., return to work, and injury prevention functions).
- Phase 2
  - Conduct a pilot test to evaluate the performance of the new communication mechanisms and their impact on both providers and Department staff.

Policy Option #6: Develop economic incentives to encourage workers to use selected providers.

- Phase 1
  - Provided options 1, 2, 3 and 4 result in better outcomes, utilize a labor and business advisory committee to oversee development and implementation of an incentive program.
- Phase 2
  - Implement an incentive program, with on-going oversight by the labor and business advisory committee.

Summary, Conclusions and Next Steps

The formal adoption of the six policy options by the WCAC Subcommittee marked the conclusion of the OHS Project. The success of this project in fashioning a set of complex policy options aimed at improving the effectiveness and efficiency of occupational health services is testimony to the constructive and collaborative efforts made by business and labor representatives who served on the Subcommittee. The outcome of the OHS Project demonstrates the viability

of the concept of collaborative partnerships involving government, academic and business and labor leaders in Washington State.

The policy options adopted by the Subcommittee are innovative and ambitious. Workers' compensation programs in a number of other states have begun to test new approaches to delivering occupational health services, but these efforts tend to involve a single program or delivery setting. None match the scope or scale of programmatic activity recommended in the OHS policy options. Further, many of the innovation efforts in other states involve programs that allow the employer to direct or determine the care provided to the injured worker. Such environments present less of a challenge than environments like Washington's, which preserve worker choice and require a more complicated balancing of incentives.

By design, the OHS Project did not consider the many complex implementation issues, such as funding, that will have to be addressed during the next developmental phase of work. Resource availability will be a key determinant influencing the scope and speed of implementation. Also, not only does L&I need to work with business and labor to ensure successful implementation of these policies, but it also needs to work in partnership with the provider communities to implement system improvements.

The UW team presented a general implementation strategy to the Subcommittee. This strategy would involve concurrent development of several policy options and pilot testing these options in one or two communities. The core of this strategy would be based upon policy options #3 and #4, which pertain to the development of community-based, multi-disciplinary occupational centers of excellence and contracting arrangements between these centers and providers. The Subcommittee was generally supportive of this strategy, but suggested that work proceed initially on policy options #1 and #2, which would give L&I the capability to monitor treatment outcomes and satisfaction among workers and employers more quickly.